

LBT RECEIVES \$4M FUNDING FROM SOUTH AUSTRALIAN GOVERNMENT SUPPORTING JOBS & INNOVATION

Adelaide, Australia, 19 February 2018: Australian medical technology company, LBT Innovations Limited (ASX:LBT) (**LBT** or the **Company**), is pleased to report that it has secured \$4m funding from the South Australian Government.

The funding is part of a jobs and innovation initiative by the South Australian Government, recognising the innovative work being performed by LBT, and the creation of skilled jobs as LBT continues developing its innovative artificial intelligence or AI, technology platform.

LBT was founded and remains headquartered in Adelaide with a global focus and track record of commercialising its first product across ~30 countries. Over the past 12 months LBT has expanded its team to focus on maximising the application of its proprietary AI platform technology. This funding is designed to assist LBT take advantage of the market opportunity to extend its platform technology, by recruiting 16 full time Adelaide based staff in the areas of AI, science, and software engineering over the next 2 years.

Summary of Funding

The key terms of the funding, approved by Cabinet of the South Australian government are:

- \$4m in total funding under a low interest loan facility (the **Facility**)
- Drawdowns of \$1m on legal documentation and subject to operational milestones a further \$1.5m by December 2018 and \$1.5m by December 2019
- Funds to be applied by LBT for technology staff based in South Australia and their related costs
- Until the last drawdown under the Facility, expected to be 31 December 2019, there will be no repayments of principal or interest, with interest accrued and capitalised
- Upon the last drawdown, the Facility becomes a three (3) year fixed principal and interest term loan. Repayments will then be made quarterly until the Facility is repaid in approximately December 2022
- Interest rate is the South Australian Government cost of funds plus a 2.0% margin, set on the date of first drawdown
- First ranking general security over LBT Innovations including patents

The Facility is subject to formal legal documentation which is now underway and expected to be executed in the near term.

South Australian Premier, Jay Weatherill says:

"LBT's expansion in South Australia is a job-delivering win for the state and its life sciences sector. Fostering a vibrant digital health ecosystem is an important part of transitioning South Australia's economy to knowledge-intensive, high-value jobs."

The company's new APAS® Independence instrument will help deliver the State Government's plan to increase global exports of locally made hi-tech systems. Innovative companies like LBT are driving growth, sustainability and diversification of our economy."

CEO and Managing Director, Brent Barnes says:

"We are very grateful for the continued support and \$4m of funding from the South Australian Government. The low interest, long term structure of this Facility similar to venture debt funding, is highly attractive. We have established a highly skilled team who are PhD qualified in the areas of science, statistics and AI technology. This new funding will enable us to continue to engage world class people in the areas critical to LBT's future development, and build on our existing centre of excellence."

LBT has created a global first, platform AI technology using machine learning and intelligent imaging. We are uniquely differentiated from many other AI companies because the technology is proven and protected. Our completed 10,000 patient global clinical trial has resulted in the only FDA cleared instrument and has secured a portfolio of patents. This funding comes

at a critical time for us as an early revenue company where future product development is necessary to retain our leading edge position in our market.

We also commend the South Australian Government on their desire to back world class technology in areas it sees as critical to the State's future priorities. The Government process has been exhaustive and included evaluation of a business case for LBT's technology and commercialisation plans, and reflects the view that LBT is a valuable technology company and employer of skilled staff. LBT is a South Australian success story since successfully listing on the ASX in 2006, and launching two medical devices on a global scale. We will continue to strive to deliver future success both locally and internationally for the benefit of all of our stakeholders".

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About LBT Innovations

LBT Innovations (LBT) uses artificial intelligence (AI) to improve patient outcomes, making healthcare more efficient. The company has developed a patent protected machine learning and intelligent imaging platform technology to deliver the only FDA cleared instrument utilising AI technology in clinical microbiology. Based in Adelaide, South Australia, the Company has two world class-leading products in microbiology automation: MicroStreak®, which provides automated culture plate streaking and the Automated Plate Assessment System (APAS®). LBT has entered into a joint venture Clever Culture Systems AG (CCS) with Hettich Holding Beteiligungs- und Verwaltungs-GmbH to commercialise APAS® products. LBT has extended its core FDA Cleared AI technology in the area of chronic wound management. WoundVue® is prototype hand-held device which automatically analyses and records progress of long-term chronic wounds.

CONTACTS

LBT Innovations	Media Relations
Brent Barnes Chief Executive Officer & Managing Director Tel: +61 8 8227 1555 E: info@lbtinnovations.com	Sarah Kemter Monsoon Communications Tel: +61 3 9620 3333 E: sarahk@monsoon.com.au